



HOUSE COMMITTEE ON APPROPRIATIONS

FY 09-10

Executive Budget

Department of Treasury



The Department of Treasury includes the following programs:

Administrative
Financial Accountability and Control
Debt Management
Investment Management



Executive Budget by Means of Finance

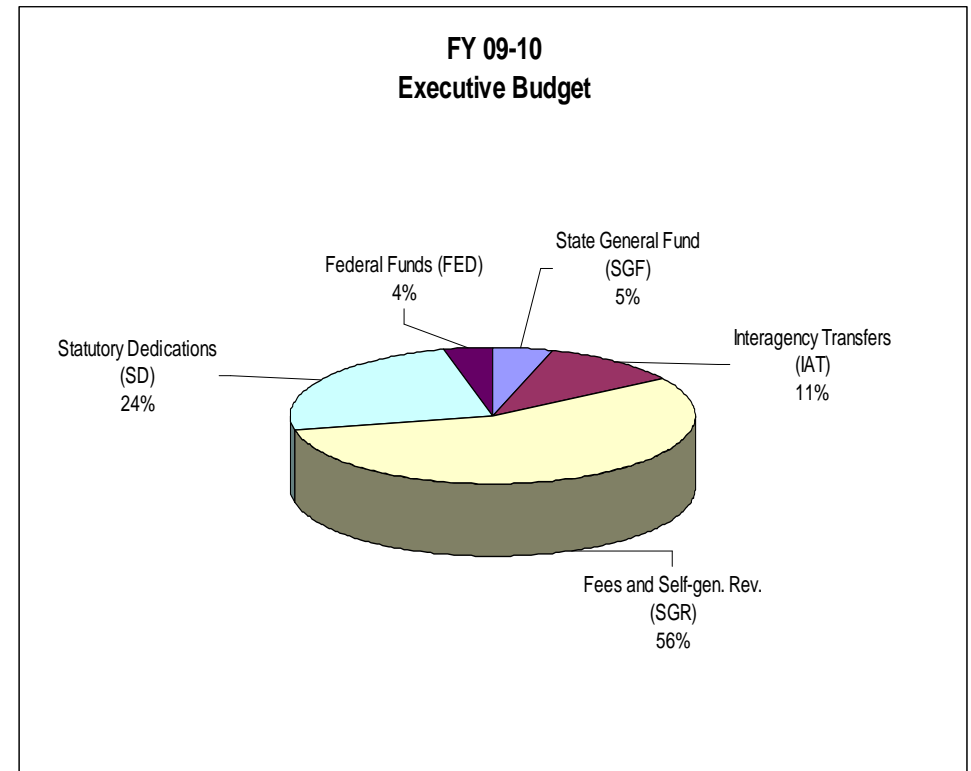
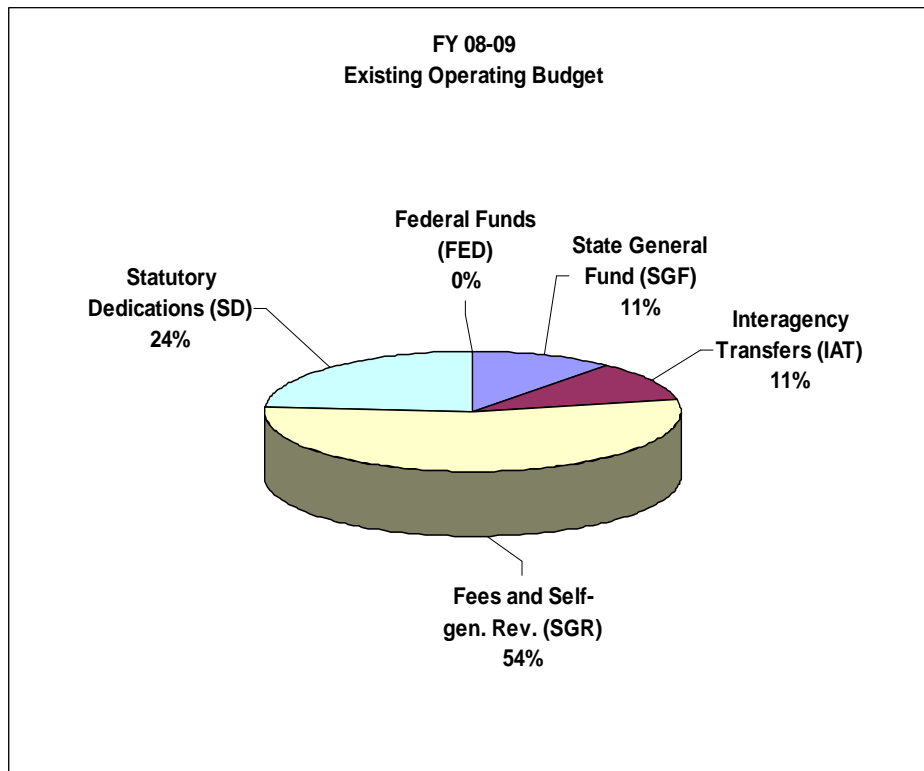
DEPARTMENT OF TREASURY					
	Actual Expenditures FY 2007-08	Existing Operating Budget FY 2008-09 (2/1/09)	Executive Budget FY 2009-10	Change From FY 08-09 to FY 09-10	Percent Change From FY 08-09 to FY 09-10
Means of Financing (MOF)					
State General Fund (SGF)	\$1,659,973	\$1,459,843	\$620,060	(\$839,783)	-57.5%
Interagency Transfers (IAT)	\$1,320,628	\$1,436,120	\$1,438,854	\$2,734	0.2%
Fees and Self-gen. Rev. (SGR)	\$6,154,693	\$7,191,041	\$7,229,339	\$38,298	0.5%
Statutory Dedications (SD)	\$484,106	\$3,171,417	\$3,171,417	\$0	0.0%
Interim Emergency Board	\$0	\$0	\$0	\$0	0.0%
Federal Funds (FED)	\$0	\$1,000	\$516,116	\$515,116	51511.6%
TOTAL MOF	\$9,619,400	\$13,259,421	\$12,975,786	(\$283,635)	-2.1%
Authorized Positions	65	66	63	-3	-4.5%

Major Sources of Fees and Self-generated Revenue Include: State Bond Commission fees, Securities Lending Program fees, and Unclaimed Property fees.



TREASURY

Comparison of Existing Operating Budget to the Executive Budget by Means of Finance





FY 09-10 Executive Budget by Expenditures

Department of Treasury					
Expenditures	FY 07-08 Actual Budget	FY 08-09 Existing Operating Budget	FY 09-10 Executive Budget	Change from FY 08-09 to FY 09-10	Percent Change
Salaries	\$4,240,759	\$4,359,172	\$4,223,932	(\$135,240)	-3.1%
Other Compensation	\$419,206	\$546,829	\$514,550	(\$32,279)	-5.9%
Related Benefits	\$1,208,096	\$1,152,360	\$1,093,821	(\$58,539)	-5.1%
Travel	99,496	112,407	105,957	(\$6,450)	-5.7%
Operating Services	781,249	880,966	842,591	(\$38,375)	-4.4%
Supplies	60,435	73,260	68,490	(\$4,770)	-6.5%
Prof Svcs	190,489	567,323	567,323	\$0	0.0%
Other Charges	2,088,613	5,032,771	5,044,810	\$12,039	0.2%
IAT	359,648	387,275	348,712	(\$38,563)	-10.0%
Acq/Major Repairs	171,409	147,058	165,600	\$18,542	12.6%
TOTAL EXP	\$9,619,400	\$13,259,421	\$12,975,786	(\$283,635)	-2.1%



Federal Stimulus Funds

(American Recovery and Reinvestment Act of 2009)

\$516,116 **Means of Finance Substitution replacing State General Fund with Federal Funds for the operations of the Financial Accountability and Control Program. Federal Funds are from the Flex Grant which is part of the State Fiscal Stabilization Fund. Federal funding will be available in FY 09-10 and FY 10-11.**



Significant Budget Changes

- | | |
|-----------------|--|
| (\$516,116) SGF | Replaces State General Fund with Federal Stimulus funding for the operations of the Financial Accountability and Control Program. |
| (\$280,946) SGF | Reduces funding and three (3) positions in the Financial Accountability and Control Program in the Audit and Compliance Division. |
| (\$72,334) SGF | Eliminates funding for the Business Research Division at Louisiana Tech University. Funding was provided to assist with research on population estimates. Estimates are used for the distribution of monies appropriated to the Parish Transportation Program. |



Authorized Positions FY 09-10

The Department of Treasury has 50 Classified Authorized Positions and 13 Unclassified Authorized Positions recommended for FY 09-10. The Total Authorized Position count is 63.

As of March 1, 2009, there was one (1) vacant position. The department authorized table of organization was reduced by three (3) positions. If the department does not have two employees to resign or retire by July 1, 2009, the department will lay off two (2) employees to comply with the total authorized position count for FY 09-10.



Major Statutory Dedications

The chart below lists significant statutory dedicated funds appropriated to the Department of Treasury:

	FY 07-08	FY 08-09	FY 09-10
Incentive Fund	\$1,000,000	\$950,000	\$950,000
Louisiana Education Quality Trust Fund (LEQTF)	\$670,415	\$670,415	\$670,415
Medicaid Trust Fund for the Elderly	\$818,458	\$818,458	\$818,458
Millennium Trust	\$732,544	\$732,544	\$732,544
TOTAL	\$3,221,417	\$3,171,417	\$3,171,417



Discretionary vs Non-Discretionary Funding FY 09-10

Discretionary	\$12,763,308	98%
Non-Discretionary	\$212,478	2%
Total	\$12,975,786	100%

Non-discretionary funds are for the salary and related benefits for the State Treasurer and retirees group insurance.



Department of Treasury

Ability to Generate Additional Revenues

- The Department of Treasury has decreased its reliance on the State General Fund by increasing self-generated revenues to fund operations. The department is funded with 56% of self-generated revenues in FY 09-10.
- Treasury's Debt Management Program and Unclaimed Property activity are fully funded by self-generated revenues.
- Unclaimed Property funds significant portions of the Administrative Program. The Investment Management Program and the Financial Accountability and Control Program are also funded with self-generated revenues.
- The Department of Treasury indicates that due to external financial market conditions, it may not be capable of reducing further State General Fund support and replacing it with Self-Generated revenues.



DEPARTMENT OF TREASURY

UNCLAIMED PROPERTY

- Unclaimed property refers to property being held by an organization that has not had contact with the owner for an extended period of time. Property is usually considered unclaimed after three years when it is turned over to the state. Banks, retailers, credit unions, utilities, corporations, insurance companies, and governmental entities are some of the many sources of unclaimed property.
- Unclaimed Property was created by Act 809 of the 1997 Regular Legislative Session in the Department of Revenue. Act 135 of the First Extraordinary Session of 2000 transferred Unclaimed Property to the Department of Treasury from the Department of Revenue.
- The Revenue Estimating Conference (REC) recognizes the net unclaimed property as a revenue source for the State General Fund. The collections are appropriated and expended as State General Fund (Direct) among state agencies in the general appropriations bill. The REC recognized \$32.0 million to be appropriated for FY 08-09.



DEPARTMENT OF TREASURY

UNCLAIMED PROPERTY				
	FY 05-06	FY 06-07	FY 07-08	TOTAL
Claims Processed	16,308	16,963	18,822	52,093
Collections (in millions)	\$48	\$48	\$53	\$149
Refunds (in millions)	\$16	\$21	\$22	\$59
As of December 31, 2008, the number of claims processed is 11,836; the total cash collections are \$47.8 million and the total amount refunded is \$10.6 million.				



DEPARTMENT OF TREASURY

STUDENT TUITION ASSISTANCE REVENUE TRUST PROGRAM

- The Student Tuition Assistance Revenue Trust Program (START) is an innovative college savings plan designed to help families meet the future high cost of their children's post-secondary education. An education savings account may be opened for a future college student at any age. The savings plan can be tailor made for the student depending upon where and when the student will enroll in college.
- The program is administered by the Louisiana Office of Student Financial Assistance (LOSFA), under the direction of the Louisiana Tuition Trust Authority (LATTA). State Treasurer John Kennedy and a member of the House of Representatives and the State Senate serves on the LATTA Board.
- As an incentive to save, the State of Louisiana will annually match a percentage of deposits made to an account during the calendar year, depending upon the category into which the account has been classified and the federal adjusted gross income reported by the account owner the previous year. This match is called an Earnings Enhancement. In addition to fixed income investments, START now offers stock market options managed by the Vanguard Group.
- The department has a contract with Vanguard Investments which invests equities for the START program. Investments may be made on behalf of a named beneficiary by anyone, including legal entities, provided that the account owner of the beneficiary is a resident of Louisiana. The annual return on investments has declined from \$100 million in FY 06-07 to \$75 million in FY 07-08 because of the economic conditions. Vanguard's rate of return on investments was down approximately 32.7% last year.



DEPARTMENT OF TREASURY

STUDENT TUITION ASSISTANCE REVENUE TRUST			
	2006	2007	2008
Participants	22,570	27,217	32,006
Investment (in millions)	\$128.1	\$169.9	\$179.2

START data is provided by calendar year.



Performance Indicators

- The Department of Treasury has 15 Key and Supporting Performance Indicators that relate budgets with programs.
- Key Performance Indicators are normally reported every three months and Supporting Indicators every six months. However, many of the department's indicators rely on end-of-year reports and are recorded in the **Louisiana Performance Accountability System (LaPAS)** at the end of the fourth quarter.
- LaPAS is an electronic database that tracks performance standards, interim quarterly performance targets, and actual performance information for Louisiana's Executive Branch departments and agencies.
- The Department of Treasury also has 15 General Performance Information items which are posted by the department on an annual basis in the Supporting Document.



Questions

1. What is the department's process of allocating funding by the legislature to non-governmental entities? How will the department distribute funding in a timely manner due to a reduction of two (2) authorized positions in the Financial Accountability and Control Program that administers funding of non-governmental entities?
2. What is the succession training plan for the State Treasury Financial Officer, Fiscal Manager and Supervisor positions in the Financial and Accountability Program?